

Title:

BPI Family Bank vs. GSIS Family Bank: Case on Exclusive Use of Corporate Name

Facts:

Royal Savings Bank, later renamed Comsavings Bank, Inc., encountered liquidity issues in 1983-1984, resulting in its receivership and temporary closure. Reopened under Commercial Bank of Manila's management, it was acquired by GSIS in 1987. Seeking better marketability, it pursued renaming to "GSIS Family Bank, a Thrift Bank," which DTI and BSP approved.

Respondent BPI Family Bank emerged from Family Bank and Trust Company's merger with BPI. FBTC, known as "Family Bank" since its 1969 SEC registration, merged with BPI in 1985, transferring its rights and acquired goodwill under "Family Bank."

Respondent petitioned SEC CRMD to prevent "GSIS Family Bank" registration, citing exclusive rights to "Family Bank" with long-standing recognition and associations in the banking industry. The SEC CRMD agreed, noting potential confusion due to similar names in the same industry. GSIS Family Bank was ordered to drop "Family" from its name. GSIS Family Bank appealed to SEC En Banc, which upheld the decision. The unsuccessful appeal to the Court of Appeals followed.

Issues:

1. Whether "GSIS Family Bank" is confusingly similar to "BPI Family Bank."
2. Whether the use of "GSIS Family Bank" constitutes unfair competition.
3. Whether BPI Family Bank is guilty of forum shopping.
4. Whether approvals by DTI and BSP validate the use of "GSIS Family Bank."
5. Whether the pending application by BPI for "Family Bank" prohibits GSIS from using the same.

Court's Decision:

The Supreme Court upheld the Court of Appeals ruling by examining under:

1. Prior right to the use of the corporate name "Family Bank" by BPI.
2. The similarity of names ("Family Bank") being likely to cause confusion.
3. That "family" in the corporate name context is neither generic nor descriptive but suggestive.
4. SEC's jurisdiction and control over corporate names.
5. The forum shopping allegation being raised too late at the appellate stage.

Doctrine:

The case reiterates the “first in time, first in right” doctrine regarding corporate name usage, emphasizing the SEC’s sole jurisdiction in determining conflicts in corporate name registration under Section 18 of the Corporation Code.

Class Notes:

Key elements:

- Section 18 of the Corporation Code prohibits registering deceptively similar corporate names.
- The requisites for exclusive use of a corporate name are (1) prior right and (2) deceptive similarity.
- SEC has jurisdiction over corporate name disputes.
- “Family” as part of BPI’s corporate name is considered suggestive, not generic.
- Forum shopping objections must be presented in proceedings below, not on appeal.

Historical Background:

This case reflects the corporate landscape evolution with both banks seeking to delineate their market identities post-mergers and acquisitions, highlighting the necessity for legal clarity in corporate naming to prevent consumer confusion and ensure fair competition. The decision emphasizes the judicial process in establishing a pro-business environment with respect to intellectual property and corporate identity, pivotal during the period of financial institutions consolidating their brand presence in the market.